

EXECUTIVE SECRETARIAT
Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
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9	Chm/NIC				
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14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	NIO/ECON		✓		
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		SUSPENSE _____ Date			

Remarks:

Copies to EUSA + OGI

Executive Secretary
6/11/82
Date

THE WHITE HOUSE
WASHINGTON

CABINET AFFAIRS STAFFING MEMORANDUM

DDI- 4860/82DATE: June 9, 1982NUMBER: 077307CADUE BY: ---SUBJECT: Cabinet Council Minutes

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman (<i>For WH Staffing</i>)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Annelise Anderson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Mike Wheeler	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	Larry Kudlow	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input checked="" type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input checked="" type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS: Attached for your information are minutes from the following Cabinet Council meetings:

Cabinet Council on Economic Affairs - May 27, June 1, and June 8.
Cabinet Council on Commerce and Trade - June 3

25X1

RETURN TO:

☐ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

☒ Becky Norton Dunlop
Director, Office of
Cabinet Affairs
456-2800

MINUTES
CABINET COUNCIL ON ECONOMIC AFFAIRS

June 8, 1982
8:45 a.m.
Roosevelt Room

Attendees: The Vice President, Messrs. Regan, Donovan, Schweiker, Lewis, Edwards, Weidenbaum, Harper, Porter, Eagleburger, McNamar, Lyng, Macdonald, Knapp, Dederick, Kudlow, Sprinkel, Cribb, Denend, Garrett, Carliner, Thompson, Nau, and Ernst, Ms. Small and Ms. Dyke.

1. Report on the Versailles Summit

The Council reviewed a paper, prepared by Mr. Sprinkel, on the macroeconomic, money, credit and investment issues discussed at the Versailles Economic Summit.

Mr. Sprinkel reported that the U.S. had achieved most of its summit objectives including the following:

1. The Summit declaration indicated that economic growth and employment must be increased and that we will be more likely to achieve both if inflation is contained.
2. The declaration stated that in order to achieve lower real interest rates, we must pursue prudent monetary policies and gain greater control of budgetary deficits.
3. As a direct result of a U.S. initiative, the Declaration contains a Statement of Monetary Understanding which: reduces pressure for intervention, focuses attention on the need for the convergence of basic policies to achieve low interest rates and exchange rate stability, and responds to European concerns about inadequate cooperation.
4. The Summit partners agreed to a U.S. proposed study of exchange rate intervention. This initiative addresses European concerns about exchange rate stability and should offer a learning experience for those dedicated to intervention.
5. The Summit partners agreed for the first time to a statement which will serve to limit financial relations with

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the USSR and the other Eastern European countries, establishing economic criteria as the basis for such relations.

6. The Declaration contains a strong statement on encouraging private capital flows, including "international arrangements for private investments."

Secretary Regan provided an overview of the Summit process and arrangements, the procedures followed at the meetings, and the discussions by finance ministers and foreign ministers. He noted that the trade ministers from France, the Federal Republic of Germany, and Japan accompanied their finance ministers to the sessions held by the finance ministers and that there was a need to clarify the ground-rules governing attendance at such meetings at future summits. He also reviewed much of the language in the communique pointing out the careful drafting of several passages.

The Council's discussion focused on how closely the Summit communique fulfilled U.S. objectives, the agreement on four substantive amendments with respect to the G-77 paper on Global Negotiations, the discussions of steel and agriculture, and the followup work necessary to implement the studies agreed to at the Summit.

The Council requested that Mr. Nau prepare a paper outlining the specific agreements and understandings on issues relating to North-South economic relations in general and global negotiations specifically. The Council will consider this issue at its Tuesday, June 15 meeting.

2. Wage Developments

The Council reviewed a paper, prepared by the Council of Economic Advisors, on trends in wage developments.

Mr. Weidenbaum noted that much popular reporting of wage developments has focused on unions agreeing to give up previously negotiated benefits and accepting negative wage settlements. He noted that the data suggest there has been some moderation in wage demands for the labor force in general during this recession, much like the 1974-75 recession.

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He stated that the wage negotiations which will take place during the remainder of this year may result in higher settlements than those recently concluded, which involved for the most part industries hit especially hard by the recession and foreign competition.

He concluded by noting that there are two views about what is likely to occur over the next twelve months. The first holds that the reduced wage settlements are related directly to the recession. If the economy rebounds sharply, wage increases will also accelerate. The second view holds that these more modest settlements are the result of real structural change in the economy. If the recovery is accompanied by moderate fiscal and monetary policies, we should not expect the return of high wage settlements.

The Council's discussion brought out additional information on recent wage experience, and highlighted the desire on the part of the Council to remain current as new information on this issue becomes available.